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Report of the Trade and Development Board on its twenty-first executive session* (Geneva, 1 July 1999)

* The present document is an advance version of the report of the Trade and Development Board on its twenty-first executive session, held at the United Nations Office at Geneva on 1 July 1999. It will appear in the final form, together with the reports of the nineteenth, twentieth and twenty-second executive sessions and the forty-sixth session of the Board, as *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 15* (A/54/15/Rev.1).

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Chapter I

UNCTAD'S CONTRIBUTION TO UN-NADAF: UNCTAD'S ACTIVITIES IN FAVOUR OF AFRICA

(Agenda item 2)

1. For its consideration of this item, the Board had before it the following documentation:

"UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: activities undertaken by UNCTAD in favour of Africa – Report by the Secretary-General of UNCTAD" (TD/B/EX(21)/2)

2. The **UNCTAD Coordinator for Africa**, referring to the discussions at the eighteenth session of the Trade and Development Board, reported on areas where delegations had indicated they would wish to see progress. With regard to the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP), US$ 7 million of the US$ 10 million earmarked had already been received in the trust fund and activities had started in earnest in May 1998. Considerable progress had been made in the implementation of the programme. With regard to the follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, the six core agencies had stepped up their activities and had prepared individual responses in the light of needs assessments submitted by the least developed countries (LDCs), and round-table meetings had been scheduled for 17 African LDCs. In the area of investment, considerable work had been undertaken on the preparation of investment guides and a study entitled "FDI in Africa: performance and potential" was being issued. With

regard to analytical work, 13 studies had been commissioned for the UNCTAD International Conference on African Development in a Comparative Perspective, held in Mauritius in September 1998, and part two of the *Trade and Development Report, 1998* was wholly devoted to Africa. A study was under way on the transport and trade competitiveness of African countries for presentation at the regular session of the Board.

3. The spokesperson for the **African Group** (Egypt) welcomed the methodology of submitting a factual report to the executive session on UNCTAD's activities in favour of Africa and an analytical report to the regular session of the Trade and Development Board. Referring to the full range of activities being carried out by UNCTAD in favour of Africa, he said they provided vital support for the efforts of African countries to become integrated in the world economy and needed to be continued in the light of the modest improvement in the economic performance of African countries. He called on UNCTAD to contribute to the review of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) by the General Assembly. With regard to the economic situation in African countries, he noted the continuous decline in official development assistance (ODA), the heavy debt burden of African countries and the problem of falling commodity prices in recent years. Supply-side problems hindered Africa's ability to benefit from the trading system. He called on the six cooperating agencies to step up their activities in the follow-up to the High-level Meeting on LDCs. Urgent action with regard to debt relief and a review by UNCTAD of the integrated initiatives was needed, together with recommendations on how to make them more effective. While welcoming the implementation of JITAP, he called for the programme to be expanded to other African countries and for the expansion of the Coordinated African Programme

of Assistance in Services (CAPAS). He further called on UNCTAD to expand its assistance in respect of trade negotiations and trade diplomacy and to expand the Trade Point Programme in Africa.

4. The spokesperson for the **Latin American and Caribbean Group** (Chile) welcomed the progress in UNCTAD's work in favour of countries in Africa but expressed concern about the situation of other countries whose economies were structurally weak and vulnerable. He called on UNCTAD to provide support to other geographical regions, especially those countries which had problems similar to those faced by African countries.

5. The representative of **Finland**, speaking on behalf of the **European Union**, said that although the report and the introduction by the UNCTAD Coordinator for Africa together gave a comprehensive picture of UNCTAD's activities in support of UN-NADAF, the UNCTAD secretariat had been requested at the eighteenth executive session of the Board to provide more detailed information on its objectives and the results achieved with respect to the work on UN-NADAF, as well as on the impact of the work financed from the regular budget and from extrabudgetary sources. With regard to research and policy analysis, he stressed the usefulness of the concept of a "development State" – one that was streamlined and efficient and that provided a conducive framework for enterprise development. The European Union was committed to assisting in capacity-building in such development States. In the sectoral part of the report, the listing of the activities did not reflect the value they added to the new agenda. Technical cooperation programmes were fragmented and needed to be more focused. Further consolidation of activities under the programmes

was required. Trade liberalization was an essential element in creating an environment for sustained economic outward-oriented development and competitiveness. Recalling the argument in *The Least Developed Countries 1998 Report* that a lack of openness was the single most important cause of slow growth in sub-Saharan Africa, he said that liberalization should be consistent with a pattern of growth which was equitably shared and which would lead to poverty reduction. The European Union would actively support the participation of developing countries in future multilateral trading negotiations.

6. The representative of **South Africa** said the *Trade and Development Report, 1998* provided an invaluable analysis of the development problems of African countries. Unfortunately, Africa's development continued to be hindered by supply-side problems, declining resource flows and a crippling debt overhang. The report presented to the executive session reflected a number of important initiatives being undertaken by UNCTAD to build capacity and strengthen institutions in Africa and to assist countries in the next round of multilateral trade negotiations. Referring to the Workshop for Senior Advisers to Ministers of Trade in the Least Developed Countries and the Africa Regional Workshop for Senior Trade Negotiators hosted by South Africa, he said that South Africa had benefited from UNCTAD's capacity-building programmes. The development challenge in Africa required a holistic and integrated approach to address the problems of the debt overhang, declining ODA and private investment flows and the imbalance in the international trading system. UNCTAD was well placed to bring coherence into the programmes and policies of international institutions. He looked forward to receiving the report being prepared by UNCTAD on transport costs and the competitiveness of Africa's trade later in 1999.

7. The representative of **Morocco** said the report provided a useful overview of UNCTAD's activities in favour of Africa. He expressed satisfaction with the research and analysis undertaken by UNCTAD since 1997 and gratitude to the Government of Japan for having provided support for UNCTAD's analytical work, including for the conference in Mauritius, and requested information on the follow-up to the conference. He encouraged the UNCTAD secretariat to continue its research and analysis in areas where African countries faced real problems of integration and expressed satisfaction at UNCTAD's support to African countries on issues related to trade and the World Trade Organization (WTO). Nevertheless, he was concerned that JITAP had only very recently become operational and that only a small number of countries benefited from the programme. He welcomed the secretariat's intention to cover supply-side constraints of LDCs in its future reports, but he was concerned about the pace of the implementation of, and follow-up to, the High-level Meeting on LDCs. He expressed satisfaction at the secretariat's efforts to assist African countries in the lead-up to the Third WTO Ministerial Conference, including through the organization of the Sun City and Pretoria workshops. The imminent publication of a report on investment in Africa could help to change the image of Africa in the minds of investors and convince them there were opportunities for investment in Africa. He called on donor Governments and the UNCTAD secretariat to make additional efforts in the areas of ODA and debt. Also, UNCTAD's work on commodities and diversification needed to be reinforced.

8. The representative of the **Russian Federation** said that UNCTAD needed to devote some attention to post-conflict rehabilitation and development. African countries had made certain advances through economic reforms. Foreign direct investment (FDI) in Africa and the debt

overhang in the continent required further attention. Stability was a precondition for attracting the necessary finance for development, and therefore the root causes of instability, such as poverty and humanitarian crises, needed to be addressed.

9. The representative of **Japan** welcomed the report and listed a number of activities being carried out by the Government of Japan in support of African countries. In the follow-up to the second Tokyo International Conference on African Development, the third Asia–Africa Forum and the Africa-Asia Business Forum were being organized in Malaysia, an Asia–Africa investment and technology transfer promotion centre was being established in Malaysia, and a seminar on debt management was being organized in Kenya in collaboration with the International Monetary Fund (IMF), the World Bank and the United Nations Development Programme (UNDP). She expressed support for UNCTAD's capacity-building activities in Africa.

10. The representative of **Cuba** said that despite his country's economic problems, Cuba was providing technical assistance to African countries in the education, health and technical sectors. He called on the international community and the richer countries to do more for Africa.

11. The spokesperson for the **Asian Group** (Islamic Republic of Iran) said he supported UNCTAD's activities in favour of Africa and hoped that UNCTAD's contribution to UN-NADAF would help African countries to become further integrated in the world economy.

12. The representative of **China** expressed support for UNCTAD's activities in favour of Africa.

African countries, particularly sub-Saharan countries, faced a great challenge in their efforts to achieve economic growth. In the context of UN-NADAF, the main donor countries should assist African countries by reducing the debt of the latter, stabilizing commodity prices and providing access to their markets. The developing countries should be assisted in integrating in the multilateral trading system. China had always provided assistance to African countries and would continue to do so.

13. The representative of the **United States of America** called on UNCTAD to devote more attention and resources to issues related to Africa than had previously been the case. She called for a more vigorous follow-up to the High-level Meeting on LDCs and called on UNCTAD to provide full support to LDCs in the lead-up to the Third WTO Ministerial Conference in Seattle. The United States Agency for International Development was engaged in trade-related information sessions in various countries across the African continent. She called on other donors to contribute more to programmes on Africa from their trust funds. Africa should continue to be a high-priority area in the lead-up to UNCTAD X.

14. The representative of the **Sudan** reiterated the concerns expressed by the representatives of Morocco and Egypt with regard to the slowness in the implementation of the follow-up to the High-level Meeting on LDCs. The time had come for all the parties concerned to look into the difficulties hindering the implementation of the recommendations made at that meeting. More information was needed on the various activities carried out by UNCTAD to assist LDCs in integrating in the global economy. In particular, measures were needed to ensure the swift accession to WTO of those LDCs that were not yet members.

15. The **UNCTAD Coordinator for Africa**, in his response to questions raised by delegations, informed delegations about the study on debt undertaken by UNCTAD and the Department of Economic and Social Affairs (DESA) and said that the secretariat would be analysing the results of the G8 Summit in Cologne on the question of debt. He expressed concern that ODA, including to the poorest countries, had fallen to its lowest-ever level, while private flows were too meagre to compensate for the loss of ODA. The UNCTAD secretariat was providing information and analysis on the various initiatives relating to Africa and was working closely with other agencies on African development questions. UNDP had released US$ 1.1 million in the context of the joint UNCTAD/UNDP programme on capacity-building for trade and development in Africa, and the Division on International Trade in Goods and Services, and Commodities had already organized a programme in the light of the funds that had been made available.

16. With regard to the concerns expressed about the impact of the activities undertaken by the secretariat, some of them would be taken up in the annual consideration of UNCTAD's technical cooperation activities. In future reports, the secretariat would do its best to include references to the impact of its activities. With regard to the objectives of UNCTAD's assistance to African countries, they corresponded to the intergovernmental mandates in UNCTAD and the mandates in UN-NADAF. Concerns with regard to progress in the follow-up to the High-level Meeting on LDCs would be taken up with the six core agencies.

17. In the area of commodities, ways in which UNCTAD could provide more active support to African countries were being discussed at the highest level in the secretariat. A paper had been provided by the secretariat in response to the Committee for Programme and Coordination suggesting ways of dealing with the question of diversification at the inter-agency level, and UNCTAD had proposed that it could take a leading role in any such inter-agency endeavour. With regard to assistance to weak and vulnerable economies, UNCTAD was actively engaged in other regions as well as Africa, and its assistance was not limited to LDCs.

18. UNCTAD would hope to be involved in the future activities listed by the representative of Japan in favour of Africa; indeed, UNCTAD had initiated many of those programmes and was actively involved in the areas alluded to by the representative of Japan.

Chapter II

PREPARATIONS FOR UNCTAD X

(Agenda item 3)

19. For its consideration of this item, the Board had before it the following documentation:

"Information for participants" (TD/INF.35)

20. **The Secretary of the National Committee for UNCTAD X,** Mr. Kobsak Chutikul, Director-General of the Department of Economic Affairs in the Ministry of Foreign Affairs of Thailand, said that Thailand had decided to honour its offer to host the conference despite the severity of the financial crisis that had hit the country since it made the offer. In such times of crisis, UNCTAD's work had become more relevant and valuable than ever. Moreover, Thailand now illustrated not only economic success but also the obstacles to economic development, such as improperly sequenced liberalization or some of the negative impacts of globalization, and the first steps to recovery following a crisis. He hoped that UNCTAD X would provide a forum where all nations could review the successes and shortfalls of developmental strategies and reach a new consensus on development that would provide a framework for debate in the future. The conference would be an occasion to make a fresh start in shaping the ongoing process of globalization.

21. His speech was followed by a promotional clip that gave a glimpse of Thai hospitality and traditions and that showed the conference facilities at the Queen Sirikit National Convention Centre, where UNCTAD X would be held.

22. The **Secretary-General of UNCTAD** said he had never doubted that Thailand would honour its generous offer to host the conference, despite the economic setback it had suffered. UNCTAD X would be an opportunity for Asian countries to show that they were "back in business", returning to positive growth and once again making progress in reducing poverty. He agreed with the Secretary of the National Committee that the event could set the tone for the development debate for decades to come. While lessons should be drawn from past problems, such as those experienced by Thailand and other countries in Asia, the conference should look towards the future, taking a positive and constructive approach. As the Secretary had said, globalization was an ongoing process that was still in its early stages. There was time to adjust its course where necessary, and countries were in a position to shape their own destiny.

23. The representative of the **United States of America** expressed concern at the number of parallel events planned for UNCTAD X; they should not number more than three or four.

24. The representative of **Finland,** speaking on behalf of the **European Union,** reiterated the need for an early resumption of consultations on the substantive issues to be raised at the conference. All partners should have an opportunity to better understand their partners' positions before they began to finalize their own, since it was very difficult to adjust positions that were already the result

of internal compromises within a group. An exchange of views under the guidance of the President of the Board should be undertaken before the summer break, taking into account the draft report of the Secretary-General, which was expected to be available before then.

25. The representative of **Japan** said that preparations so far appeared to involve mostly the G77 and the secretariat. It was time for interaction between groups and between the secretariat and all member States, for instance through informal meetings and the provision of timely information on the preparations.

26. The representative of **Morocco,** speaking on behalf of the Chairman of the G77 Preparatory Committee, said the G77 was always happy to enter into consultations with its development partners, but would only discuss substantive issues once it had finalized its own position, to which it was putting the final touches. Only when the group had completed its internal discussions would it decide on whether to enter into consultations with partners before the summer break or after the ministerial meeting in Marrakech in September 1999. As for the consultations on the Secretary-General's report, a decision on them would have to wait until the draft report was available.

27. The **Secretary-General of UNCTAD** introduced an informal note on UNCTAD's activities under the Positive Agenda, dated 30 June 1999. It was recognized that developing countries were often handicapped in their preparations for multilateral negotiations by institutional weaknesses. They also lacked a forum, such as that provided for developed countries by the Organisation for Economic Co-operation and Development (OECD), at which they could deepen their understanding

of the issues and coordinate their positions. The Positive Agenda was becoming the centrepiece of UNCTAD's activities to provide developing countries with the means to take a proactive approach to multilateral negotiations.

28. Work on the Positive Agenda had got off to a vigorous start, in part thanks to the additional resources allocated to UNCTAD by the General Assembly from savings made in the regular budget of the United Nations. The work would contribute to the preparations for the ministerial conference of the World Trade Organization (WTO), due to be held in November/December 1999, only a few months before UNCTAD X, since many of the issues related to the Positive Agenda were relevant to the work of WTO. The work had included the organization of two ad hoc expert meetings and the preparation of the studies presented at those meetings, at which other organizations, notably WTO, the World Bank and the International Trade Centre UNCTAD/WTO (ITC), had taken a full part.

29. The work had entered a new phase recently, with the holding of a regional meeting in Seoul, at the invitation of the Government of the Republic of Korea. Another was taking place at that very moment in South Africa, with the generous financial support of the Government of South Africa, and a third was due to be held in the Dominican Republic in August. Details of all three meetings were to be found in the informal note mentioned earlier. The secretariat was intending to hold informal meetings to provide an opportunity for an exchange of views between participants in the regional meetings and interested parties in Geneva.

30. He emphasized that the secretariat was not trying to set the agenda for developing countries, but to facilitate their discussions by providing analysis, and also opinions, on substantive aspects.

31. The representative of **Turkey** said that as the work carried out by UNCTAD on the Positive Agenda was so important, she would have preferred it if the meetings had been organized in such a way as to allow as many countries as possible to take part, rather than on a regional basis. She looked forward to the briefings by the secretariat on the outcomes of the meetings.

32. The representative of the **Republic of Korea** agreed that the results of the meetings should be shared. Developing countries needed assistance in preparing for trade negotiations, and the exchange of views at the first regional meeting, in Seoul, had proved very useful.

Chapter III

REPORT OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE UNCTAD/WTO ON ITS THIRTY-SECOND SESSION

(Agenda item 4)

33. For its consideration of this item, the Board had before it the following documentation:

"Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-second session" (ITC/AG(XXXII)/173)

34. The representative of **Belgium**, speaking in his capacity as **Chairperson of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO** (ITC), introduced the report of the Group on its thirty-second session. The Group had examined the technical cooperation activities of ITC in 1998 and the operation of the ITC Global Trust Fund. It had praised ITC for its institutional reforms, its increased collaboration with other organizations, the functioning of its institutional mechanisms and its ability to anticipate the needs of its clients. ITC had successfully sharpened its focus to more closely match its clients' needs, moving on from administrative reforms to the productive delivery of field programmes. Some representatives had stressed the importance of striking an adequate balance between interregional, regional and national programmes.

35. A number of actions had been taken to increase ITC's operational activities at the country

level, including helping partner countries to link trade promotion to other national economic development polices, carrying out needs assessments and mobilizing resources through partnerships with its parent bodies and other international organizations.

36. The Group had praised ITC for its increased collaboration with other organizations, including in the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP). However, there was a need for greater momentum in the implementation of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries (LDCs), which would require the full commitment of all actors concerned, including the LDCs themselves. The Group had vigorously reaffirmed the high priority that should be given to LDCs, and had noted with concern that related expenditure on technical cooperation had been stagnant.

37. With regard to cooperation with UNCTAD and WTO, there was still room for improvement in the initial stages of conceptualizing programmes. The Group had encouraged ITC to strengthen its cooperation with organizations such as the United Nations Industrial Development Organization (UNIDO) and the International Labour Organization (ILO), as well as with the Bretton Woods institutions, and to develop partnerships with civil society.

38. With regard to the annual report on the activities of ITC, a more evaluative and analytical approach focusing on objectives and results had been recommended, with more attention paid to issues of common concern such as poverty alleviation and gender equality.

39. At the thirty-second session, as was customary, government representatives had announced or confirmed voluntary contributions to ITC. He wished to thank the Governments of Canada, China, Denmark, France, Germany, India, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom for their pledges, as well as Belgium, Côte d'Ivoire, Greece, Ireland and Italy, who had made pledges prior to the meeting.

40. The representative of **Finland,** speaking on behalf of the **European Union,** welcomed the shift in focus from building up ITC's organizational strength to its operational activities. He said that close and harmonious cooperation with the various actors in the field had to be one of the leading principles if the practical work of ITC was to be effective and was to meet the needs of the recipients of technical assistance. Any effective development strategy must begin with the LDCs themselves: international organizations should not impose solutions but work together to provide LDCs with the opportunities and resources those countries needed to help themselves. The recipient's involvement in project formulation and needs assessments was vital, as was the participation of the private sector and civil society.

41. The spokesperson for the **Latin American and Caribbean Group** (Chile) welcomed the progress made by ITC, especially in completing its internal restructuring. The Centre was now better equipped to help developing countries to strengthen their support to companies, especially small and medium-sized enterprises, wishing to trade internationally. He encouraged ITC to intensify and expand its activities and programmes, particularly in relation to the countries in Latin America and the Caribbean whose vulnerability prevented them from becoming properly integrated in the

international trading system. He noted that if ITC was to carry out its activities effectively it would need to be provided with the necessary resources.

Action

42. The Board took note of the "Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-second session", and of the statements made on that item.

Chapter IV

OTHER BUSINESS

(Agenda item 6)

(a) Annual maintenance fees

43. For its consideration of this item, the Board had before it the following documentation:

"Financial sustainability of selected UNCTAD technical cooperation programmes" (TD/B/EX(21)/CRP.1)

44. The **Head of the Resources Management Service of UNCTAD** said that the cost-accounting exercise requested by the Working Party on the Medium-term Plan and the Mid-term Review at its thirty-third session was proceeding on a phased basis, as recommended by the consultant concerned. The cost-accounting system chosen had been introduced in the DMFAS programme in April and in the ASYCUDA programme in June, and would be introduced in the ACIS programme in the fourth quarter of 1999. He thanked the Government of the United Kingdom for making available the software which allowed the cost accounting to be carried out.

45. The document before the Board contained figures for the DMFAS programme for May and

June, but there was not yet enough information to allow the Board to take a decision on the introduction of annual maintenance fees. Sufficient information for that purpose should be available to the Working Party at its thirty-fourth session, at the end of September 1999. It could already be observed that the data in annex II of TD/B/EX(21)/CRP.1 broadly confirmed the figures previously presented to the Working Party on the cost of general maintenance support activities, which amounted to about one-third of the expenditure on the central support team of the DMFAS programme.

46. Demand continued to grow for the three programmes, and 18 additional countries had initiated projects within the programmes in recent months (2 in ACIS, 5 in ASYCUDA and 11 in DMFAS). Half of those countries would finance their participation from their own resources or by borrowing from international financial institutions (mainly the World Bank), while the others would be funded by the United Nations Development Programme (UNDP) or bilateral donors, namely the Governments of Switzerland, the United Kingdom and the United States.

47. The spokesperson for the **Latin American and Caribbean Group** (Chile) said that the Group had only received the document on the item a few days earlier and so was not yet able to state its position on such an important issue. He proposed that the item should continue to be considered by the Working Party, in order to shed light on a number of concerns raised by countries of the Latin American and Caribbean Group.

Action

48. The Board took note of the information provided, and requested the Working Party to consider the matter further at its thirty-fourth session.

(b) Coordinating Workshop for Senior Advisers to Ministers of Trade in the Least Developed Countries

49. The representative of **Ethiopia**, speaking in his capacity as Rapporteur of the workshop, held in Sun City, South Africa, from 21 to 25 June 1999, said it had been well attended, with participants from LDC capitals and missions in Geneva and Brussels, and representatives of regional and international organizations, subregional economic groupings and the private sector. There had been an interactive video conference linking the UNCTAD secretariat and the panel of ambassadors on the emerging multilateral trading system. A high-level panel of Geneva-based ambassadors and the Special Coordinator for Least Developed, Landlocked and Island Developing Countries had shared experiences in various areas of the WTO agreements. The main background document had been prepared by the Office of the Special Coordinator. As well as its conclusions and a communiqué, the workshop had adopted proposals for a comprehensive new plan of action for integrating LDCs into the global economy.

50. Participants had reviewed the experiences and problems faced by LDCs in implementing the Uruguay Round agreements and the impact of the agreements on their trade and development prospects. They had discussed the participation of LDCs in global trade rule-making and ways to maximize the potential benefits to them of globalization while minimizing the risks. They had

expressed concern at the continuing marginalization of LDCs from the mainstream of the globalizing economy, as reflected in their low and declining share in world trade, investment and output. To overcome their marginalization, they needed the international community to take comprehensive and coordinated measures.

51. They had noted with deep concern the precariousness of the socio-economic situation and the structural weaknesses in LDCs' economies, which led to weak competitiveness, social exclusion and abject poverty. Moreover, the numerous promises to help LDCs had failed to materialize, so that domestic reform programmes had not had their full effect – indeed, sometimes their impact had been negative. At the same time, there was a continuing decline in official development assistance, and aid from the major donor group, the Development Assistance Committee of the OECD, was shrinking. Recent initiatives to reduce the debt burden of LDCs were welcomed, although more substantive action was urgently needed. Lack of market access, the decline in commodity prices, over-dependence on a few commodities for foreign exchange earnings and the lack of financial flows continued to constrain LDCs' growth and development prospects.

52. The globalization process needed to be tamed and managed by the international community in such a way as to facilitate the integration of LDCs in the world economy and bring about the more equal sharing of its benefits. To achieve that would require action by LDCs themselves and by their development partners to strengthen LDCs' supply capacities through, *inter alia*, the development of their physical and institutional infrastructure and human resources, improved market access and policies to strengthen the competitiveness of sectors of strategic importance for the development of

their trade. Duty-free treatment should be accorded immediately to all products of export interest to LDCs.

53. The scope, structure and time frame of future multilateral trade negotiations would have a great bearing on the ability of LDCs to participate in them effectively, given their limited human and financial resources. Special and differential treatment should be made an integral part of the rules governing the multilateral trading system, and fast-track accession to WTO should be made available to those LDCs that were not yet members.

54. Participants had decided to present the outcome of the workshop as formal input from LDCs into the Third WTO Ministerial Conference, UNCTAD X and the Third United Nations Conference on the Least Developed Countries. They had endorsed the strategy of collective bargaining to further the interests of LDCs as a group and had resolved to set up a working group to follow up issues concerning LDCs within the WTO work programme. They had also underlined the importance of providing LDCs with technical assistance to build their negotiating capacity, including through the formulation of the Positive Agenda.

(c) G15 statement on a comprehensive employment strategy

55. The representative of **Egypt**, speaking in his capacity as **Chairman of the Group of 15** (the summit-level group of developing countries), introduced a G15 paper on a comprehensive employment strategy, which had been presented at the eighty-seventh session of the International

Labour Conference, in June 1999. The ninth G15 summit, held in Montego Bay, Jamaica, in February 1999, had emphasized the need to find appropriate solutions to the financial crisis, which had had widespread negative economic and social consequences and had increased unemployment and poverty. Unemployment was a global problem that threatened the socio-economic fabric of society and a global strategy was needed to combat it: the fundamental rights of workers must be recognized at the international level. The International Labour Organization (ILO), as an organization able to harness the views of Governments, employers and workers' representatives, should take the lead in formulating and implementing a comprehensive employment strategy.

56. Employment creation was one of the four key priorities formulated by the Director-General of ILO, and the organization could draw on the experience it had accumulated in decades of analytical research. To combat the effects of unemployment on the most vulnerable workers, namely women, the elderly and the very poor, there was a need to encourage a spirit of enterprise in developing countries. A comprehensive employment strategy would require the cooperation of the specialized agencies of the United Nations and other relevant organizations, including UNCTAD. The strategy should aim, *inter alia*, to protect the most disadvantaged groups, provide protection against unemployment and promote gender equity.

(d) Common Fund for Commodities

57. The representative of **Finland,** speaking on behalf of the **European Union,** asked the secretariat to keep member States informed of the consequences for UNCTAD of the draft

memorandum of understanding between UNCTAD and the Common Fund for Commodities that had been considered by the executive board of the latter in April 1999.

Chapter V

ORGANIZATIONAL MATTERS

A. Opening of the session

58. The twenty-first executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 1 July 1999. The executive session consisted of two meetings, the 903rd and 904th plenary meetings of the Board. The session was opened by Mr. Chak Mun See (Singapore), President of the Board.

B. Bureau of the twenty-first executive session

59. There being no change in the elected officers of the Bureau since the forty-fifth session, the Bureau of the Board at its twenty-first executive session was as follows:

President:	Mr. Chak Mun See	(Singapore)
Vice-Presidents:	Mr. Nobutoshi Akao	(Japan)
	Mr. Carlos Amat Fores	(Cuba)
	Mr. Petko Draganov	(Bulgaria)
	Mr. Savitri Kunadi	(India)
	Mr. Roderic M.J. Lyne	(United Kingdom of Great Britain and Northern Ireland)

	Mr. Syargei Mikhnevich	(Belarus)
	Mr. Alphonse Oseku	(Uganda)
	Mr. Carlos Pérez del Castillo	(Uruguay)
	Mr. Raimundo Pérez-Hernández	(Spain)
	Mr. Mounir Zahran	(Egypt)
Rapporteur:	Mr. Philippe Merlin	(France)

C. Adoption of the agenda

(Agenda item 1)

60. The Board adopted the provisional agenda for its twenty-first executive session (contained in TD/B/EX(21)/1), as amended. For the agenda as adopted, see annex I.

D. Institutional, organizational, administrative and related matters

(Agenda item 5)

(a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

61. For its consideration of this sub-item, the Board had before it the following documentation:

"List of IGOs participating in the activities of UNCTAD" (TD/B/IGO/LIST/2, Add. 1 and 2)

62. There were no new applications before the Board for consideration at the current session, but attention was drawn to changes in the names of two intergovernmental organizations that already enjoyed status with UNCTAD. The Board of the Cartagena Agreement (JUNAC) had been replaced by the General Secretariat of the Andean Community, and the Agency for Cultural and Technical Cooperation (ACCT) by the Organisation Internationale de la Francophonie.

(b) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

63. For its consideration of this sub-item, the Board had before it the following documentation:

"List of NGOs participating in the activities of UNCTAD" (TD/B/NGO/LIST/2, Add. 1, 2 and 3)

"Application by OXFAM International" (TD/B/EX(21)/R.1)

"Application by Ingénieurs du monde" (TD/B/EX(21)/R.2)

"Application by the Pan African Organization for Sustainable Development" (TD/B/EX(21)/R.3)

"Application by the World Export Processing Zones Association" (TD/B/EX(21)/R.4)

64. Applications had been received from Oxfam International, Ingénieurs du monde (Engineers of the World), the Pan African Organization for Sustainable Development and the World Export Processing Zones Association for inclusion in the list provided for in rule 77 of the rules of procedure of the Board. The Secretary-General of UNCTAD had consulted the Bureau of the Board on the applications, and the Bureau had concurred with his recommendations. The Board decided that the four organizations should be classified, as recommended, in the General Category, in accordance with the provisions of paragraph 12 (a) of Board decision 43 (VII).

(c) Designation of the President and Bureau of the forty-sixth session of the Trade and Development Board

65. Mr. Philippe Petit (France) was nominated for the post of President of the Board at its forty-sixth session.

E. Report of the Board on its twenty-first executive session

(Agenda item 7)

66. The Board authorized the Rapporteur to complete the report on its current session under the authority of the President.

ANNEXES

Annex I

AGENDA FOR THE TWENTY-FIRST EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda

2. UNCTAD's contribution to UN-NADAF: UNCTAD's activities in favour of Africa

3. Preparations for UNCTAD X

4. Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-second session

5. Institutional, organizational, administrative and related matters:

   (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

   (b) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(c) Designation of the President and Bureau of the forty-sixth session of the Trade and Development Board

6. Other business

(a) Annual maintenance fees

(b) Coordinating Workshop for Senior Advisers to Ministers of Trade in the Least Developed Countries

(c) G15 statement on a comprehensive employment strategy

(d) Common Fund for Commodities

7. Report of the Board on its twenty-first executive session

Annex II

ATTENDANCE *

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Algeria
Angola
Argentina
Australia
Austria
Bahrain
Bangladesh
Belarus
Belgium
Bhutan
Bolivia
Brazil
Bulgaria
Canada
Chile
China
Costa Rica
Croatia
Cuba
Czech Republic
Democratic People's Republic of Korea
Denmark
Dominica
Dominican Republic
Ecuador
Egypt
Ethiopia
Finland
France
Gabon
Germany
Ghana
Guatemala
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Italy
Jamaica
Japan
Jordan
Lebanon
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Malta
Mauritius
Mexico
Morocco
Myanmar
Nepal
Netherlands
Nigeria
Norway
Oman
Pakistan
Panama
Paraguay
Peru
Philippines
Portugal
Republic of Korea
Russian Federation

* For the list of participants, see TD/B/EX(21)/INF.1.

Singapore
Slovakia
South Africa
Spain
Sudan
Switzerland
Syrian Arab Republic
Thailand
The Former Yugoslav Republic of Macedonia
Tunisia
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Yemen
Zambia

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Holy See
Rwanda

3. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
European Community
Organisation internationale de la francophonie
Organization of the Islamic Conference
South Centre

4. The following specialized agencies and related organization were represented at the session:

International Labour Organization
Food and Agriculture Organization of the United Nations
International Monetary Fund

United Nations Industrial Development Organization
World Trade Organization

5. The International Trade Centre UNCTAD/WTO was represented at the session.

6. The following non-governmental organizations were represented at the session:

General Category

International Chamber of Commerce
International Confederation of Free Trade Unions
International Federation of Business and Professional Women
International Organization for Standardization
World Federation of United Nations Associations
World Vision International

United Nations A/54/15 (Part IV)

General Assembly

Distr.: General
8 November 1999

Original: English

Fifty-fourth session

Report of the Trade and Development Board on its twenty-second executive session* (Geneva, 15 October 1999)

* The present document is an advance version of the report of the Trade and Development Board on action taken at its twenty-second executive session, held at the United Nations Office at Geneva on 15 October 1999. The full report of the Board at its twenty-second executive session, together with the reports of the nineteenth, twentieth and twenty-first executive sessions and the forty-sixth session, will appear as *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 15* (A/54/15/Rev.1).

99-33430 (E) 101199

Reports of subsidiary bodies of the Board: reports of the Commissions on their final sessions (agenda item 2)

1. At its 904th plenary meeting, on 15 October 1999, the Trade and Development Board took note of the report of the Commission on Trade in Goods and Services, and Commodities on its fourth session (TD/B/COM.1/L.10 and Add.1 and 2) and endorsed the Commission's agreed conclusions (TD/B/COM.1/L.11 and 12).

2. At the same meeting, the Board also took note of the report of the Commission on Investment, Technology and Related Financial Issues on its fourth session (TD/B/COM.2/L.9 and Add.1-3) and endorsed the Commission's agreed conclusions (TD/B/COM.2/L.10).

3. At the same meeting, the Board further took note of the report of the Commission on Enterprise, Business Facilitation and Development on its fourth session (TD/B/46/11-TD/B/COM.3/29) and endorsed the Commission's agreed conclusions as contained in that report.

Report of the Secretary-General of UNCTAD on financing and on the participation of experts in UNCTAD expert meetings in achieving the objectives of the financing: to improve the participation of developing country experts in UNCTAD meetings (agenda item 3(a))

4. At its 904th plenary meeting, on 15 October 1999, the Trade and Development Board took note of the secretariat's report (TD/B/EX(22)/2) and of the statement made by the representative of the UNCTAD secretariat and requested the President of the Board to undertake consultations on financing the participation of experts in UNCTAD meetings and on the use of the unspent balance of the funds allocated for that purpose, with a view to reporting to the Board at its forty-sixth session.

Preparations for the review by the tenth session of the Conference of the lists of States annexed to General Assembly resolution 1995 (XIX) (agenda item 3(b))

5. The Board noted that Kiribati, Nauru and Tonga had been admitted to membership in the United Nations and therefore automatically became members of UNCTAD. It further noted that nine member States of UNCTAD had not yet applied for inclusion in any of the lists of States annexed to General Assembly resolution 1995 (XIX) and that it would undertake a final review of the lists at its twenty-third executive session in December 1999.

Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board (agenda item 4(d))

6. At its 904th plenary meeting, on 15 October 1999, the Trade and Development Board decided that the International Multimodal Transport Association be classified in the special category in accordance with paragraph 12(b) of Board decision 43 (VII) so that it might participate in the activities of the Commission on Trade in Goods and Services, and Commodities and the Commission on Enterprise, Business Facilitation and Development, and that Action Aid be classified in the general category in accordance with the terms of paragraph 12 (a) of Board decision 43 (VII).

Review of the functioning of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and the Intergovernmental Group of Experts on Competition Law and Policy (agenda item 4)

7. At its 904th plenary meeting, on 15 October 1999, the Trade and Development Board took note of the oral report of the representative of Uganda, speaking in his capacity as Chairman of the informal consultations on the subject in question, and decided to extend the mandate of the informal consultations with a view to receiving a report on the outcome of the consultations at its forty-sixth session.

Annex

AGENDA FOR THE TWENTY-SECOND EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda

2. Reports of subsidiary bodies of the Board: reports of the Commissions on their final sessions:

   (a) Report of the Commission on Trade in Goods and Services, and Commodities at its fourth (final) session

   (b) Report of the Commission on Investment, Technology and Related Financial Issues on its fourth (final) session

   (c) Report of the Commission on Enterprise, Business Facilitation and Development on its fourth (final) session

3. Institutional, organizational, administrative and related matters:

   (a) Report of the Secretary-General of UNCTAD on financing and on the participation of experts in UNCTAD expert meetings in achieving the objectives of the financing

   (b) Preparations for the review by the tenth session of the Conference of the lists of States annexed to General Assembly 1995 (XIX)

   (c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

   (d) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

4. Other business

5. Report of the Board on its twenty-second executive session

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Report of the Trade and Development Board on its forty-sixth session* (Geneva, 18 to 29 October 1999)

* The present document is an advance version of the report of the Trade and Development Board on its forty-sixth session, held at the United Nations Office at Geneva from 18 to 29 October 1999. It will appear in final form, together with the reports of the nineteenth, twentieth, twenty-first and twenty-second executive sessions, as *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 15* (A/54/15/Rev.1).

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INTRODUCTION

(i) The forty-sixth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 18 to 29 October 1999. In the course of the session, the Board held four plenary meetings - the 905th to 908th meetings.

(ii) This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I) and procedural, institutional, organizational and administrative matters (section II).

(iii) Volume II of the report of the Board on its forty-sixth session - to be issued subsequently in TD/B/46/15 (Vol.II) - will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Interdependence and global economic issues from a trade and development perspective: trade, growth and external financing in developing countries

(Agenda item 3)

At its 908th plenary meeting, on 29 October 1999, the Trade and Development Board took note of the Chairman's summary on agenda item 3.

Chairman's summary

1. Discussions focused on globalization and, more specifically, on the multilateral trading system and, to a lesser extent, on the global financial system. There was broad agreement that an equitable sharing of costs and benefits of globalization was essential for sustaining the momentum of global integration. However, it was stressed by some speakers that at present the benefits of globalization were not shared equally, and that some countries were running the risk of becoming increasingly marginalized. They also expressed concern over the widening income gaps between rich and poor nations and argued that integration into the world economy could not be left to markets alone: neither the State nor the market on its own was capable of creating and distributing wealth efficiently and equitably.

2. For most developing countries, these speakers emphasized, the problem was not globalization *per se* but its regulation and management. There was a need to improve the functioning of the international financial system; to strengthen the role and participation of developing countries in the reform of the global financial architecture; to remove the asymmetries and biases in the trading system against developing countries; and to allow a greater space for policy autonomy to developing countries and, in this context, to review some of the Uruguay Round agreements in order to provide greater flexibility.

3. There was wide agreement that trade liberalization could bring substantial benefits to all countries; that trade should be used as a vehicle for development; and that market access was essential for this purpose. There was also consensus on the benefits of a rules-based multilateral trading system, particularly for developing countries. Nevertheless, there was some disagreement over the future direction of the multilateral trading system.

4. Speakers from developing countries generally stressed that the existing trading system lacked a development component. In their view little progress had been made since the Uruguay Round in areas of export interest to developing countries. New non-tariff measures had been introduced, anti-dumping provisions had been abused, the special agreements had not been applied, and built-in biases had impeded exports and transfer of technology. They underlined the importance of better market access and rapid growth in industrial countries, expressed concern over the continued protection and support in these countries of agriculture and uncompetitive industries, and stressed that such restrictions had reduced the benefits of outward-oriented development strategies. It was thus imperative that developed countries undertake structural adjustments, eliminating support and

protection of sectors in which they no longer had comparative advantage. Owing to their critical importance to developing countries' market access these issues should be at the core of the next round of trade negotiations.

5. By contrast, speakers from developed countries stressed the benefits to developing as well as developed countries from the Uruguay Round. They also underlined the importance of appropriate policies and good governance in developing countries. While most developing countries agreed on the role of domestic policies and institutions, they pointed out that even countries with sound policies and good governance had been forced to cope with external shocks, instability and imbalances.

6. Referring in particular to specific country experiences, some developing-country speakers expressed the view that the approach to trade liberalization should be gradual since certain preconditions had to be fulfilled for successful liberalization and integration. They argued that freedom for domestic policy in developing countries was becoming more and more limited, and an increasing number of economic policy decisions were dictated by changes in the external environment. Special and differential treatment thus remained an essential element of the rules-based trading system. GATS was a good example of an agreement combining market access with country-specific flexibility. Speakers from developed countries, on the other hand, while recognizing the problems encountered by some developing countries in capacity-building and the need to look at specific issues and problems on a case-by-case basis, believed that a blanket concept of special and differential treatment would be mistaken. Doubts were also expressed about the rationale of infant industry protection in developing countries.

7. The validity of concerns over the environmental sustainability of development were generally acknowledged, and freer transfer of environment-friendly technology from developed to developing countries was seen by some as an effective way of dealing with the problem. Many developing-country speakers expressed concern over the use of environmental standards to create new barriers to developing-country exports.

8. Regional trade arrangements such as MERCOSUR were suggested as useful vehicles to promote growth and development in developing countries, and as an appropriate response to the challenge of globalization. Some speakers also pointed to other potential benefits of increased South-South trade.

9. On financing for development, the need for debt relief and increased ODA was emphasized by many participants from developing countries. However, it was also pointed out that growth based on ODA was unsustainable. Several speakers noted that the need for regulation and gradualism was much greater in the case of financial than of trade liberalization. Many developing-country speakers stressed that the vulnerability of developing countries to external shocks, particularly to swings in commodity prices, volatility in international capital flows, and financial contagion, had increased as a result of greater global integration. In their view, therefore, there was a need for more appropriate external financing for development, which should be put on a firmer basis and not left entirely to international financial markets.

10. Many speakers considered UNCTAD's independent and critical analysis of issues related to globalization and interdependence and its integrated treatment of trade, finance and development to

be of great value for member countries. The role of UNCTAD in trade was generally seen as introducing the development dimension into negotiations and as providing assistance to developing countries in the formulation of a positive agenda and other preparations for the forthcoming trade negotiations. It was suggested that UNCTAD should continue its analytical work on the multilateral trading system, particularly with respect to the problems of unequal competition, the policy flexibility needed to pursue development goals, and the optimal pace of liberalization. UNCTAD should also undertake further research on the factors affecting the declining share of developing countries in commodity trade and examine carefully the issues of financing for development, capital controls, and the role of domestic policy measures in the East Asian recovery from the financial crisis.

B. Review of progress in the implementation of the Programme of Action for Least Developed Countries for the 1990s and review of the status of the preparatory process for the Third United Nations Conference on the Least Developed Countries

(Agenda item 4)

Agreed conclusions 457 (XLVI)

(a) Review of progress in the implementation of the Programme of Action for Least Developed Countries for the 1990s

1. While commending the quality of the Overview to *The Least Developed Countries 1999 Report* and the relevance of the theme of the *1999 Report*, and taking note of the reasons given for

its delay, disappointment was expressed that the full *Report* was not available to facilitate deliberations. UNCTAD was urged to accord similar status and resources to the preparation of future editions of *The Least Developed Countries Report* as to the other UNCTAD flagship reports, and was called upon to ensure that the *1999 Report* was finalized and distributed as soon as possible in order to provide a solid basis for discussions and preparations for UNCTAD X and the Third United Nations Conference on the Least Developed Countries.

2. The major structural weaknesses underlying poor production capacities and competitiveness in the least developed countries (LDCs), including deficiencies in physical infrastructure, low human-resource development and insufficient resources to address major investment needs, were noted. It was considered that a participatory preparatory process for the Third United Nations Conference on the Least Developed Countries would shed further light on those problems, help find solutions and give new impetus to commitments in favour of LDCs.

3. LDC Governments, with the support of the international community, were encouraged to pursue and deepen economic reforms and structural adjustment programmes as well as public policy in addressing investment in human resources and physical infrastructure and in creating an enabling environment for peace, economic growth and development. In that regard, the importance of comprehensive and integrated development strategies that are people-centred and results-based was highlighted. LDCs should be assisted in designing and implementing all-encompassing development strategies, for the benefit of all people and capable of generating economies that are integrated nationally and regionally.

4. The paucity of resources to finance the enhancement of productive capacities is one of the important constraints on the development of LDCs. In the light of the poor prospects for the internal mobilization of adequate development resources, through domestic savings and the production of adequate exportable surpluses, official development assistance (ODA) flows continue to be of critical

importance in sustaining growth and development in LDCs. However, those flows have continued to decline and only a few donor countries have met or surpassed their agreed ODA targets. In real terms, ODA flows to LDCs have fallen by 23 per cent since the beginning of the decade. Donor countries were called upon to increase the level of aggregate financial support to LDCs in line with the ODA targets contained in the Programme of Action for Least Developed Countries for the 1990s. Coordination among donors, full ownership and the adoption of sound domestic policies by the recipient country are necessary conditions for effective and well-targeted assistance.

5. The LDCs' debt burden represents one of the major obstacles to economic and social development and it is imperative to proceed more vigorously with debt relief. Recent initiatives, including the G-7 Cologne Summit initiative and the endorsement of the Enhancement Framework by the Ministerial Meeting of the Interim and Development Committees of the International Monetary Fund and the World Bank, which promise to expedite the resolution of the debt problem of the heavily indebted poor countries, were welcomed.

6. Along with the need to improve productive capacity and overcome supply-side constraints, the need for improved and unencumbered market access for LDCs was highlighted. A call was made for immediate action to improve export opportunities for LDCs and assist their integration into the multilateral trading system. In that context, the proposals submitted by LDCs to the Third World Trade Organization (WTO) Ministerial Conference were noted. The WTO accession process for LDCs which are not yet members was recognized as an integral and important part of efforts to reverse the current marginalization of LDCs in world trade and support their efforts to become integrated into the world economy and international trading system. In that regard, the UNCTAD secretariat was called upon to continue strengthening its efforts to assist LDCs through analytical work to facilitate the formulation of a positive agenda in trade negotiations for LDCs and through technical assistance to strengthen their capacity to defend their interests in future negotiations.

(b) Review of the status of the preparatory process for the Third United Nations Conference on the Least Developed Countries

7. The timely initiatives undertaken by the Secretary-General of UNCTAD, in his capacity as Secretary-General of the Conference, and by the Executive Secretary of the Conference, to launch the preparatory process for the Conference, including the establishment of the Consultative Forum, inter-agency consultations and the initiation of country-level preparations, were welcomed. The approach proposed by the Secretary-General of the Conference, to base the global-level preparatory process for the Conference on comprehensive and participatory country-level preparatory activities, was noted. While calling upon the Conference secretariat to observe cost-effectiveness, donors who had not already done so were encouraged to provide the UNCTAD Conference secretariat with the resources required to facilitate the preparatory process, particularly at country level.

8. UNCTAD, as a focal point for the LDCs in the United Nations system, has an important role to play in assuring the realization of an inclusive vision of development and the evolution of a global economy that provides opportunities for all. Continued support was expressed for UNCTAD's activities in the form of both technical assistance and analytical work. A special call was made to ensure that the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries in UNCTAD was provided with the necessary support and adequate resources to carry out its important task.

9. The relevant upcoming global meetings and conferences, including the Third WTO Ministerial Conference, UNCTAD X, reviews of major global conferences, the Millennium Assembly and the high-level international intergovernmental consideration of financing for development, should contribute to, and be linked with, the preparatory process of the Third United Nations Conference on the Least Developed Countries. Other ongoing and planned initiatives on

LDCs should be monitored by the Conference secretariat, and their outcomes relevant to LDCs should be brought under the overall umbrella of the preparations for the Conference with a view to ensuring consistency, coherence and effectiveness.

10. Any possible future action plan for LDCs would need to be flexible enough to accommodate unexpected developments in the global economy and to meet the challenges of LDCs in the next century. Most importantly, there is a need to clearly spell out goals and objectives, as well as to make specific resource commitments and identify the necessary performance criteria by which to assess whether the goals have been attained in specific time periods.

(c) Technical assistance

11. Enhancing and improving trade-related technical cooperation is a key element in supporting LDCs' efforts to integrate into the multilateral trading system. In that regard, concern was expressed at the slow pace of implementation of the Integrated Framework for Trade-Related Technical Assistance. The need to continue to enhance and improve coordination and coherence among the agencies, the LDC concerned and donor countries involved in the implementation of the Integrated Framework was emphasized.

12. The regular review and replenishment of the LDCs Trust Fund was stressed. The secretariat's intention to publish a report on the activities financed and additional resource requirements for the LDCs Trust Fund was welcomed.

C. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: African transport infrastructure, trade and competitiveness

(Agenda item 5)

Agreed conclusions 458 (XLVI): African transport infrastructure, trade and competitiveness

The Trade and Development Board recognizes that:

1. A major problem preventing Africa from achieving sustained growth and sustainable development is the lack of investment in human and physical infrastructure. The transport sector is among the most important elements of physical infrastructure. However, capital investment in this sector has been squeezed during the past 20 years. Existing infrastructure has also suffered from lack of maintenance, owing *inter alia* to paucity of resources.

2. While there is a case to be made for greater participation by the private sector in transport infrastructure development, private investment is still limited.

3. The relatively high cost of transport has seriously undermined the competitiveness of African exports and contributed to increased prices of key imports, thus adversely affecting the balance-of-payments positions of African countries. This has been exacerbated by the high level of foreign exchange payments for transport services, which are particularly high for sub-Saharan Africa and especially the landlocked countries among them. High transaction costs, including customs procedures, are also contributing factors.

4. Poor rural transport systems have adversely influenced specialization and market development as well as the national and international tradeability of goods. The weak supply response of African smallholders to policy reforms reflects, *inter alia*, the poor rural transport infrastructure and a lack of access to markets.

The Trade and Development Board considers that:

5. Private finance in transport infrastructure offers a welcome new source of investment. It can make a useful contribution in public-private partnerships, which need a predictable national and international environment. Risk perceptions and the need for sufficient and predictable returns on investment limit the types of assets and locations to which such resources are attracted. Multilateral financial institutions, in accordance with their rules and regulations, can be helpful in providing long-term finance and credit guarantees in order to enable countries to tap capital markets. In this context, there is a need to diffuse best practices between investors, regional development banks and other financial institutions, and to make every effort to overcome exaggerated perceptions of risk which deter private investment in commercially attractive products.

6. One role of the government could be to facilitate market forces by adopting a strategic perspective on infrastructure rehabilitation and development, including by identifying profitable projects in which the private sector might get involved. National policies should also continue to improve, and where needed create, an enabling regulatory environment for encouraging private sector financing, including foreign direct investment.

7. However, in the light of the limitations on private participation in infrastructure development and maintenance, the role of public finance remains crucial. African countries need policy flexibility for mobilizing sufficient public finance to meet transport infrastructure requirements without creating excessive fiscal deficits or harming incentives. There is a need to adopt principles of cost recovery, but due attention has to be given to any adverse effects on users of transport services, prices of tradeables and competitiveness. Cost recovery should be enhanced by measures which aim to reduce infrastructure financing costs.

8. There is an important role for ODA in infrastructure financing, including as a catalyst for the attraction of foreign investment and as a means of promoting rural development. The fall in the levels of ODA flows in real terms continues to be a cause for concern, and donors are invited to increase the level of ODA in accordance with internationally agreed targets. Efforts should be made to untie official development assistance, as the frequent practice of tying aid in infrastructure development may tend to undermine international competition in procurement and may increase costs and lead to the installation of inappropriate equipment.

9. A heavy debt burden and lower export earnings from falling commodity prices are important external factors that limit the possibility of national Governments to raise sufficient capital for much-needed investments in the transport sector. The recently enhanced heavily indebted poor countries initiative (HIPC) arising from the Cologne Summit is indicative of the faster and deeper debt relief required in order to assist African countries to invest in human and physical infrastructure development. Equally, better access to markets for products of export interest to African countries is required in order to generate income for investment.

10. African countries have long recognized the vital role of regional cooperation and integration in facilitating intra-African trade and export competitiveness and in creating economies of scale. Such cooperation and integration are particularly important for creating complementarity of interests between landlocked and coastal countries. Practical measures to facilitate regional and subregional cooperation in transport infrastructure development in Africa include strategic convergence of regulatory regimes and effective cross-border coordination. Multilateral financial institutions are invited to increase their share of financing of regional and subregional projects.

11. The Trade and Development Board welcomes the incisive and relevant study on African transport infrastructure, trade and competitiveness undertaken by the UNCTAD secretariat (TD/B/46/10) and encourages the secretariat, within its mandate, to continue its analysis of the development problems of African countries, as well as its technical cooperation activities aimed at reducing transaction costs, such as the Advance Cargo Information System (ACIS) and the Automated System for Customs Data (ASYCUDA), as UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

D. Action taken on other substantive items

1. Preparatory process for the tenth session of the Conference: Establishment of the Committee of the Whole (agenda item 2)

1. At its opening plenary meeting, on 18 October 1999, the Board decided to establish an open-ended Committee of the Whole, under the chairmanship of the President of the Board, to elaborate

the substantive pre-Conference text for transmittal to the Conference and to consider any other relevant matters deemed necessary as part of the preparatory process for the Conference.

2. At its closing plenary meeting, on 29 October 1999, the Board took note of the fact that the Committee of the Whole had set itself a time-table of work with a view to reporting to the Board at its twenty-third executive session on 17 December 1999.

2. *Technical cooperation activities* (agenda item 6)

(a) Review of technical cooperation activities

3. At its 907th plenary meeting, on 29 October 1999, the Board took note of the secretariat's overview of technical cooperation activities (TD/B/46/3 and Add.1-2), of the oral report of the Chairperson of the Working Party on the Medium-term Plan and the Programme Budget, and of the fact that technical cooperation issues not resolved by the Working Party should be taken up by the Committee of the Whole.

(b) Consideration of other relevant reports: report on UNCTAD's assistance to the Palestinian people

4. At its 907th plenary meeting, on 29 October 1999, the Board took note of the secretariat's report on UNCTAD's assistance to the Palestinian people (TD/B/46/ [1]

3. *Other matters in the field of trade and development* (agenda item 7)

(a) *Specific actions related to the particular needs and problems of land-locked developing countries*

5. At its 908th plenary meeting, on 29 October 1999, the Board took note of the report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (TD/B/46/6), endorsed the conclusions and recommendations contained in part II of the report, and decided to transmit the report, together with the "Progress report by the UNCTAD secretariat" (TD/B/46/7), to the General Assembly at its current session.

(b) *Progressive development of the law of international trade: thirty-second annual report of the United Nations Commission on International Trade Law*

6. At its 908th plenary meeting, on 29 October 1999, the Board took note of the report of UNCITRAL on its thirty-second session (A/54/17).

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[1] Further to the provisions of General Assembly decision 47/445, an account of the Board's discussion on assistance to the Palestinian people is annexed to the present report (see annex II).

4. *Other business (agenda item 9)*

Outcome of the consultations on the review and functioning of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and the Intergovernmental Group of Experts on Competition Law and Policy

7. As a result of a series of informal consultations mandated by the Trade and Development Board on the review of the functioning of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and the Intergovernmental Group of Experts on Competition Law and Policy, at its 908th plenary meeting on 29 October 1999, the Board agreed on the following principles:

(a) The status of both Groups should remain unchanged, in accordance with Economic and Social Council decision 1997/307 of 25 July 1997 and General Assembly resolutions 35/63 of 5 December 1980 and 52/182 of 18 December 1997;

(b) In order to maximize the involvement of non-members in the discussions of both Groups, the greater participation of all member States of UNCTAD in the work of both Groups should be encouraged; improved participation would also contribute to the better functioning of both Groups;

(c) The work programme of both Groups should be brought under the auspices of the competent Commission. This would allow member States of UNCTAD to guide and

determine the scope of the work of both Groups. This arrangement would also permit States members of UNCTAD to better monitor the effective functioning of these bodies. With respect to elements of the work programme and the timeframe needed for their consideration, they are to be proposed by expert members of the respective groups and submitted to the Commission concerned for its final decision, without prejudice to the General Assembly resolutions relating to the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. The proposed work plan may be a multi-year programme so that work could be planned and approved in advance.

8. It is proposed that the Board should request the Economic and Social Council (for the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting) and the General Assembly (for the Intergovernmental Group of Experts on Competition Law and Policy) to endorse point (c) above.

II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The forty-sixth session of the Trade and Development Board was opened on 18 October 1999 by Mr. Chak Mun See (Singapore), the outgoing President of the Board.

B. Election of officers[2/]

(Agenda item 1 (a))

2. At its 905th (opening) plenary meeting, on 18 October 1999, the Board elected by acclamation Mr. Philippe Petit (France) as President of the Board for the duration of its forty-sixth session.

3. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-sixth session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

[2/] The officers of the Bureau are elected to serve for a year-long period beginning with the forty-sixth session of the Board.

President:	Mr. Philippe Petit	(France)
Vice-Presidents:	Mrs. Fayza Aboulnaga	(Egypt)
	Mr. Munir Akram	(Pakistan)
	Mr. Krit Garnjana-Goonchorn	(Thailand)
	Mr. Koichi Haraguchi	(Japan)
	Mr. Walter Lewalter	(Germany)
	Mr. George Moose	(United States of America)
	Mr. Goce Petreski	(The Former Yugoslav Republic of Macedonia)
	Mr. Camilo Reyes-Rodriguez	(Colombia)
	Mr. Ronald Saborío Soto	(Costa Rica)
	Mr. Vasily Sidorov	(Russian Federation)

4. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairmen of the sessional Committees, would be fully associated with the work of the Bureau.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

5. At its opening meeting, the Board adopted the annotated provisional agenda for the session contained in TD/B/46/1 and Corr.1. (For the agenda as adopted, see annex I below).

6. At the same meeting, and in accordance with the organization of work for the session in TD/B/46/1, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I:

Item 4: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s and review of the status of the preparatory process for the Third United Nations Conference on Least Developed Countries.

Sessional Committee II:

Item 5: UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

7. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairperson: Mr. Walter Lewalter (Germany)

Vice-Chairperson-*cum*-Rapporteur: Mr. Mussie Delelegn (Ethiopia)

8. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson: Mr. Adolphe Nahayo (Burundi)

Vice-Chairperson-*cum*-Rapporteur: Mrs. Ingrid Mollestad (Norway)

D. Adoption of the report on credentials

(Agenda item 1 (c))

9. At its 908th (closing) plenary meeting, on 29 October 1999, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-sixth session (TD/B/46/13).

E. Provisional agenda for the forty-seventh session of the Board

(Agenda item 1 (d))

10. The Board decided that, following past practice, the Secretary-General of UNCTAD would draw up a draft provisional agenda for the forty-seventh session of the Board in the light of the

outcome of UNCTAD X and would present it to the Bureau at appropriate monthly consultations of the President of the Board.

F. Review of the calendar of meetings

(Agenda item 8 (a))

11. At its 908th plenary meeting, on 29 October 1999, the Board approved UNCTAD's calendar of meetings for the remainder of 1999 and up to UNCTAD X in February 2000, as well as an indicative calendar for the remainder of the year 2000 (TD/B/46/CRP.1).

G. Administrative and financial implications of the actions of the Board

(Agenda item 8 (b))

12. At the same meeting, the Board was informed that there were no additional financial implications for the current programme budget stemming from the actions taken at the forty-sixth session of the Board.

H. Adoption of the report

(Agenda item 10)

13. At its 908th plenary meeting, on 29 October 1999, the Board took note of the reports of Sessional Committee I (TD/B/46/SC.1/L.1 and Add.1 and L.3) and Sessional Committee II (TD/B/46/SC.2/L.1 and Add.1) and decided to incorporate them in the final report of the Board on its forty-sixth session.

14. At the same meeting, the Board took note of the Chairman's summary on agenda item 3 (TD/B/46/L.2) and adopted the draft report on its forty-sixth session (TD/B/46/L.1 and Add.1), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

AGENDA FOR THE FORTY-SIXTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers

   (b) Adoption of the agenda and organization of the work of the session

   (c) Adoption of the report on credentials

   (d) Provisional agenda for the forty-seventh session of the Board

2. Preparatory process for the tenth session of the Conference:

   - Establishment of the Committee of the Whole

3. Interdependence and global economic issues from a trade and development perspective: trade, growth and external financing in developing countries

4. Review of progress in the implementation of the Programme of Action

for Least Developed Countries for the 1990s and review of the status of the preparatory process for the Third United Nations Conference on the Least Developed Countries

5. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

6. Technical cooperation activities:

(a) Review of technical cooperation activities of UNCTAD

(b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people

7. Other matters in the field of trade and development:

(a) Specific actions related to the particular needs and problems of land-locked developing countries

(b) Progressive development of the law of international trade: thirty-second annual report of the United Nations Commission on International Trade Law

8. **Institutional, organizational, administrative and related matters:**

(a) Review of the calendar of meetings

(b) Administrative and financial implications of the actions of the Board

9. Other business

10. Adoption of the report

Annex II

DISCUSSION IN THE TRADE AND DEVELOMENT BOARD UNDER AGENDA ITEM 6 (b): REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE

1. For its consideration of this item, the Board had the following documentation before it:

"Report on UNCTAD's assistance to the Palestinian people" (TD/B/46/5).

2. The **Acting Coordinator for Assistance to the Palestinian people**, introducing the UNCTAD secretariat's report on this item (TD/B/46/5), said that UNCTAD's assistance to the Palestinian people, elaborated in close consultation with Palestine, had become a source of concrete and reliable technical support in terms of promoting the sustained development of the Palestinian economy. The review of UNCTAD's programme of technical assistance to the Palestinian people was presented in the empirical and substantive context in which it operated. The secretariat had also provided a brief update of major trade indicators, which confirmed an acceleration of the deteriorating trend that had begun in the 1980s. This implied serious imbalances that required close policy and technical attention.

3. Despite the challenges to be addressed in reconstructing the Palestinian economy, past years had witnessed important developments in sectors addressed by UNCTAD's technical assistance activities. UNCTAD's assistance to the Palestinian people had aimed at bolstering Palestinian institutional development and helping to create an enabling environment for the private sector. By mid-1999, the secretariat had been able to secure about 30 per cent of the funds needed for technical assistance activities under implementation or proposed. The secretariat had provided advisory services and/or training in eight areas detailed in the report, with activities fully or partially funded through the regular budget, UNDP, UNITAR and a bilateral source. Meanwhile, technical assistance had also been provided in six other areas, though project funding had yet to be mobilized. In that connection, the secretariat had recently received indications of forthcoming extrabudgetary funding from several States members of UNCTAD for some unfunded technical cooperation activities. Central support functions in the secretariat would also be strengthened soon through extrabudgetary funding of an Associate Expert to assist in delivering technical assistance to the Palestinian Authority. Efforts continued to mobilize extrabudgetary funding from bilateral donors and Arab regional funding organizations. UNCTAD was grateful for the generous support for its technical assistance in this area provided or envisaged by the Governments of Italy, the Netherlands, Norway and the United Kingdom, as well as the ongoing funding provided by UNDP.

4. UNCTAD's activities in the area of assistance to the Palestinian people were closely coordinated with the relevant international organizations, though inter-agency coordination still needed to be improved. The scope of programmed activities had been maintained over the biennium, and a vacant post had been allocated for the Coordinator of Assistance to the Palestinian people, as called for by General Assembly decision 52/220.

5. Recently available indicators helped to provide an initial evaluation of programme impact and had revealed a number of factors which could be cited to attest to the relevance of and demand for UNCTAD's technical assistance, as well as shortcomings that needed to be addressed. The secretariat would pursue and intensify its assistance to the Palestinian people over the coming biennium, supporting Palestine as it emerged as a distinct actor in the regional and global economic arenas and promoting the integration of the Palestinian economy at the regional and global levels.

6. The representative of **Palestine** said that the economic conditions of the Palestinian people had continued to deteriorate owing to Israeli economic and political hegemony, put into practice through different means. This came after long decades of Israeli occupation of the Palestinian territory and the systematic degradation of the Palestinian economic and social infrastructure. The secretariat report confirmed the accelerating deterioration in trade that had begun in the 1980s and noted that, since 1996, these chronic problems, which had begun during Israeli occupation, had reached critical levels. The report also confirmed a disappointing feature of Palestinian trade, namely the slow growth of exports and their increasing diversion to Israel.

7. Despite the positive developments connected with the establishment of the Palestinian Authority, economic activities had been adversely affected by a prolonged fall in living conditions, high unemployment and border closures, which led to an internal geographic separation of the occupied Palestinian territory. The current economic situation in the Palestinian territory confirmed once again that the Israeli occupation was the major cause of the territory's poor and deteriorating economic conditions. Such was the logical outcome of foreign occupation, be it in Palestine or elsewhere in the world.

8. The secretariat report was an important document which provided a realistic account, though phrased in polite language, of the economic hardship and strict political constraints faced by the Palestinian people. The latter continued to suffer from the Israeli occupation and its harsh policies, despite the stalemated negotiations, which had yet to begin to address the most essential issues. As long as Israeli occupation continued in any form, directly or through the maintenance of illegal Israeli settlements, there was no hope for a sustained improvement in the economic situation or for growth and development of the Palestinian economy. For these reasons, Palestine attached great importance to the assistance provided by the UNCTAD secretariat, and that assistance would continue to be required until the Israeli occupation was ended and the Palestinian people was able to take its own affairs in hand, free from any form of hegemony or external control. In conclusion, he thanked the UNCTAD secretariat for all of its projects of assistance to the Palestinian people. He hoped that these efforts would continue until the Palestinian people had attained their national goals of liberation and the end of Israeli occupation of the Palestinian territory.

9. The representative of **Egypt**, speaking on behalf of the **African Group**, said that the shift in focus of the secretariat programme from research and analysis to technical cooperation as from 1995 was a positive development. The efforts deployed had been based on the broad guidelines provided to the secretariat and the relevant analytical framework. The continued hardships facing the Palestinian people and their economic implications made it imperative for the international community to deepen its efforts to ameliorate the situation and to support the efforts of the Palestinian Authority to establish an economic environment conducive to growth and development. In this respect, it was necessary that UNCTAD's programme of assistance to the Palestinian people be expanded to respond to the needs of the Palestinian Authority.

10. Even though the secretariat's report attested to the efforts expended by the Palestinian Authority in many areas, including institutional frameworks, infrastructure development and trade agreements, much remained to be done. Despite the negligible improvements in indicators for 1998, the Palestinian economy still faced many challenges, most important of which were the predominance of small industrial enterprises, low private sector productive investment, a low savings rate and restrictions on the movement of goods and labour. In addition, the persistent and large balance-of-trade deficit, which had increased by some 300 per cent between 1990 and 1998, further burdened the infant Palestinian economy. Several measures needed to be taken to tackle these problems, including the introduction of new policies to encourage investment and savings, diversification of the economy, export promotion and technology upgrading.

11. UNCTAD's programme of technical cooperation for the Palestinian people was extremely valuable for the Palestinian Authority. However, only 31 per cent of the required budget was available, and she called on the international community to finance the programme promptly; to that end, UNCTAD should intensify its efforts in respect of donor co-ordination. In conclusion, she welcomed the intention of the secretariat to appoint a Coordinator for the programme of assistance to the Palestinian people before the end of the year. The programme had been implemented with half of the envisaged staff resources provided for in the 1998-1999 biennium and required by General Assembly resolution 52/220. The African Group hoped that the Coordinator would be appointed as indicated so as to enable the secretariat to respond to the needs of the Palestinian people.

12. The representative of **Israel** said that his Government viewed the improvement of the economic situation in the Palestinian Authority areas as an important objective, since the Israeli and

Palestinian economies were closely interrelated. An increase in the standard of living of the Palestinians was an important goal for the achievement of good neighbourly relations between the two peoples. Israel had made a considerable effort to support the Palestinian economy, working along two principal avenues, namely employment and private sector development. Currently, over 60,000 Palestinians worked in Israel with a permit, as a result of which Palestinian unemployment had been reduced. Many efforts had been made to promote the Palestinian private sector by encouraging investment, assisting businessmen and contributing to the establishment of industrial zones.

12. Over the past 41 years, Israel's Center for Development Cooperation, MASHAV, had assisted different peoples through technical training and technology transfer, and it was only natural that emphasis be placed on cooperation with the Palestinian Authority. Accordingly, some 2,400 Palestinian students had already received training in the past few years from MASHAV, covering health, labour, agriculture and enterprise development. In conclusion, he reiterated Israel's support for UNCTAD's technical assistance to the Palestinians, as long as these activities were in line with Israeli-Palestinian bilateral agreements. He hope that in the near future Israel could cooperate with UNCTAD in technical cooperation programmes for the benefit of the Palestinians and the region as a whole.

14. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, said that the Asian Group had been at the forefront of the initiative to establish the secretariat's programme of assistance to the Palestinian people, beginning at UNCTAD VI. It remained committed to sustaining this programme, at the level of resources mandated by the General

Assembly. The Asian Group had followed closely the work programme, which had matured from analysis and research into a comprehensive range of technical assistance programme that responded to the needs of Palestine. This programme provided a good example of how UNCTAD could combine its analytical capabilities with limited but well allocated regular and extrabudgetary resources to deliver relevant and timely technical assistance to developing countries.

15. While technical cooperation was the overriding priority of the programme, it was useful that the secretariat had not abandoned its original objective of providing an update on recent Palestinian economic and trade performance. While recent developments had produced some important benefits for the long-term restructuring of the Palestinian economy, economic hardship, unemployment, poverty, trade bottlenecks and structural imbalances had remained high and in some cases at alarming levels.

16. The secretariat report had provided a helpful birds-eye view of the emerging international consensus on the performance of Palestine in managing its national economy. The growing diversification of import sources would certainly help Palestine to reintegrate into the regional and global economies after decades of occupation and isolation. The concentration of exports on one market and their slow growth pointed to trends that could not be sustained in the face of a trade deficit that had tripled since 1990.

17. However, Palestine had begun to tackle policy shortcomings and technical impediments seriously in order to redress trade imbalances and promote market access for Palestinian exports, attract foreign investment and technology, and enhance its trade and economic status at the bilateral

regional and multilateral levels. In that regard, the Asian Group fully supported the efforts of Palestine to integrate into the multilateral trading system.

18. The international community had a continuing responsibility in respect of the question of Palestine, which had preoccupied the United Nations since its inception. In this respect, UNCTAD had a special role to play. Palestine had benefited from the best of UNCTAD technical assistance and should continue to receive this valuable support in the critical years of nation-building that lay ahead. Finally, in its programme of technical assistance, the UNCTAD secretariat had done a great deal with limited budgetary resources and should receive further funding from donors, both bilateral and multilateral, to ensure the continuity of UNCTAD's special role in the sectors of trade, finance, investment and related services.

19. The representative of **Switzerland** congratulated the secretariat for the quality of its work, as reflected in its report, and for its assistance to the Palestinian people in the past and in the future. The secretariat had shown great vision with regard to the future activities of assistance proposed for the coming years. In the future it would be important for the secretariat to further coordinate its efforts in the area of trade and cooperation with relevant multilateral and bilateral sources active in the region. Total transparency should be maintained in the secretariat's work, as had been the case in the item under consideration. Regular reporting was required to closely monitor coordination efforts with other international organizations, as well as with experts and non-governmental organizations operating in the field, in order to avoid duplication of work and projects. The Swiss delegation further insisted on the crucial importance of enhancing regional economic integration

20. The representative of the **League of Arab States** said that the shift in focus of UNCTAD's programme of assistance to the Palestinian people from research and analysis to technical co-operation was a positive step. Since 1995, the technical co-operation programme had targeted the trade and services sectors through advisory missions, training and workshops in response to various requests received from several ministries of the Palestinian Authority.

21. The Palestinian Authority had worked hard to develop an economic environment that facilitated the implementation of development plans. Most important in this regard had been the establishment of separate legislative and executive powers. The Palestinian Authority had also realised the importance of emphasizing infrastructure, as attested by the Development Plan 1999-2003, which dedicated 48 per cent of capital investment to infrastructure, including vital sectors such as transportation, health and energy.

22. Despite the progress achieved by the Palestinian Authority over the past several years with donor assistance, more needed to be done. Because of a lack of sufficient resources, UNCTAD was unable to implement several projects, and he called on donor countries and UNCTAD member States to augment their support for the programme of technical co-operation for the Palestinian people to allow Palestine to be active in international and regional forums. This was particularly important in view of the fact that during the meeting of the Group of 77 and China in Marrakech, Palestine had officially declared its intention to apply for observer status at the WTO, as a separate customs area.

23. He expressed the hope that the vacant position of Coordinator for assistance to the Palestinian people would be filled promptly, in accordance with General Assembly resolution 52/220

of 12 December 1997, which stressed the need for a coordinator and another officer. He also welcomed the decision of the Netherlands to fund an associate expert for the programme. In concluding, he stressed the importance of a just and comprehensive peace in the Middle East for the development and well-being of the peoples of the region. The Arab States viewed peace as a strategic option.